

OUR REVENUE

CONCLUSION

The Liquid Treasures of the United States.

PETROLEUM AS A SOURCE OF REVENUE

Petroleum Alone.

GOOD NEWS FOR POOR DIGGERS.

NO TAX ON CRUDE OIL.

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**The Supply of Oil Always Sufficient for**

Report of the United States Revenue  
Commission on Petroleum as a Source  
of National Revenue.  
OFFICE OF THE UNITED STATES REVENUE COMMISSION,  
February, 1908.

...of such substances, namely, shale, oil shale, bituminous shale, lignite, peat, coal, or rock oil, and all other bituminous substances used for like purposes, ten cents per gallon: Provided, That such oil, refined and produced by the distillation of coal exclusively, shall be subject to pay a duty of eight cents per gallon, anything in this act to the contrary notwithstanding." These duties were to be levied and collected and paid on such of said oils as from and after

On the 1st day of August, 1862, should be produced and sold, or be manufactured or made and sold, or removed for consumption or for delivery to others than agents of the manufacturer or producer within the United States and Territories thereof. When exported an allowance or drawback was given of the amount of the duties paid. This act took effect September 1, 1862.

By the act of June 30, 1864, in lieu of the

former duties were imposed "on coal, illuminating oil, refined, and naphtha, benzine and benzole, produced by the distillation of coal, asphaltum, shale, peat, petroleum or rock oil, and all other luminous substances used for like purposes, a duty of twenty cents per gallon: Provided that such oil, refined and produced by the distillation of coal, asphaltum or shale exclusively, shall be subject to pay a duty of

ten cents per gallon, anything to the contrary notwithstanding. And provided also that naphtha of specific gravity exceeding eighty degrees, according to Beaumé's hydrometer, and of the kind usually known as kerosene shall be subject to a tax of five per centum ad valorem. By the act of March 3, 1865, the same provision was re-enacted, except that the specific gravity of gasoline was to pay a duty of five per centum ad valorem was reduced to

By the eighth section of the act it was provided that there should be levied, collected and paid on all crude petroleum or rock oil that might be produced and sold for removal for consumption or sale, a duty of one dollar a barrel and every barrel of not more than forty-five gallons after "naphtha," as one of the products subject to the duty of twenty cents per gallon.

By the act of June 30, 1864, a drawback of the amount of duties paid was allowed upon all of said products except refined coal oil, naphtha, benzine or benzole. By the act of March 3, 1865, a drawback of the amount of

"Distillate" is a general term, and means any fluid produced by distillation of the substances named. It is more particularly applied by refiners to the distilled oil before it is treated with chemicals.

Naphtha is the first product of the distillation. [The Commissioners proceed to show the products of naphtha, such as benzene, benzole, gasoline, &c.] The receipts of revenue from petroleum and coal oil, have been as follows :—

|                                    |          |
|------------------------------------|----------|
| 1863, for ten months.....          | \$649,96 |
| 64.....                            | 2,256,32 |
| 65, on crude for three months..... | 229,544  |

|                                     |             |          |
|-------------------------------------|-------------|----------|
| 55, on refined.....                 | 3,047,213   |          |
|                                     |             | 3,278,78 |
| 56, for six months, on crude.....   | \$1,047,043 |          |
| 56, for six month, on refined, &c.. | 2,613,038   |          |
|                                     |             | 3,660,08 |

Of the receipts for 1865; only \$95,998 90 were from  
 is distilled from coals and shales amounting to 16,00  
 barrels of forty gallons each. The rest of the receipts

1,150,760 10, were from petroleum and refined oil made from petroleum, excepting an insignificant sum received from naphtha and benzole.

It will be expected of the commission to give an account of the development of a product so recently unknown to our commerce, and now of such vast importance.

The Commissioners here give an interesting history of

The advance in the price of gold and exchange, which began in the spring of 1862, and continued until it reaches its maximum in the summer and fall of 1864, soon carried up prices to a point at which the oil would pay at par for transportation and give the owner of the

oil from three to seven dollars, and at one time even ten dollars, per barrel. The wells, which a few months before were worthless, owing to the low price of oil, became of immense value.

Speculation in oil lands and the organization of companies, immediately followed to an enormous extent and before almost valueless were sold to speculator fabulous prices, and were again resold to other specu-

holders at prices still higher, or were revalued by holders at an immense advance, and used by them in the formation of joint stock companies, or pretended companies, by means of which the stock was sold in parcels wherever the spirit of speculation had been sufficiently excited by the newspaper reports of sudden fortune made by oil operators, and by other means used for the purpose. Many of these companies were fraudulent, and

The amount of capital thus withdrawn from other pursuits, or the savings of the community, and applied to the purchase and development of oil territory, cannot be accurately estimated, but is reckoned at least to have been

The tide of oil speculation, or the "oil fever," as it is called, was at its height when the masterly combinations of Grant and Sherman, using the immense resources placed by Congress at the disposal of the Executive, brought the rebellion to a sudden close, and restored to something like its real value the national currency, which under the influence of the war had been

ny, which, under the apprehension of the failure of the Union, had depreciated as low as forty cents on the dollar. Gold, which, compared with the currency, had been worth over two hundred and fifty per cent, declined one hundred and thirty. The returns from shipment of petroleum and the currency price at home were reduced to a great extent, and as the cost of transportation and other expenses continued with little or no change

effect was again disastrous upon the business. A great flood in Oil creek also destroyed much oil and reduced the product. The war tax of one dollar per barrel on the crude oil, which took effect on the 1st of April, 1865, still further depressed the business and disheartened those engaged in it. The fictitious character and utter worthlessness of many of the companies, and the disappointments experienced by

in the meantime prices began to advance abroad owing to the increasing demand and diminished supply. An immense number of wells were sunk by companies organized the fall and winter previous. Although most of these proved unprofitable, among the exceptions were the great flowing wells upon Pitloch creek, to which re-

ance has been made. Some productive wells were sunk in Ohio, Western Virginia and Kentucky. And is now probable that with the necessary reductions in transportation and cost of transportation the business will assume a permanent character as one of the branches of a regular mining industry.

An extended analysis of petroleum, furnished by the commissioners, has also been published in these oil

It may be said in general that there are different species of oil, as there are different species of coal—*as those found in Canada and some parts of Kentucky—contain considerable sulphur and other offensive ingredients, which makes them more difficult to purify and less valuable.*

The lubricating oils may be used for coarse machinery.

without preparation. The supply is limited, scarcely any of the wells yielding more than twenty barrels per day. The average does not exceed six. The market for lubricating oils is very limited and uncertain, although improving. They will not bear shipment abroad, as they are manufactured and sold in Europe in large quantities, and at lower prices than they can be afforded by an American producer.

the illuminating oils require to be distilled and refined  
before they are fit for pleasant use.  
Oil from the same well differs in quality according to  
the time of its exposure to the air, as the naphtha ex-  
posed by exposure, and the remaining oil becomes more

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